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DEPARTMENT OF COMMERCE

International Trade Administration

[A-821-809]

Termination of the Suspension Agreement on Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from the Russian Federation, Rescission of 2013-2014 Administrative Review, and Issuance of Antidumping Duty Order

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (“Department”) is terminating the Agreement Suspending the Antidumping Investigation on Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from the Russian Federation (“Agreement”), rescinding the 2013-2014 administrative review of the agreement, and issuing an antidumping duty (“AD”) order on hot-rolled steel products from the Russian Federation. The Department is directing the suspension of liquidation to begin on December 19, 2014.

FOR FURTHER INFORMATION CONTACT: Sally C. Gannon or Judith Wey Rudman, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington DC 20230; telephone: (202) 482-0162 or (202) 482-0192, respectively.

SUPPLEMENTAL INFORMATION:

Background

On October 15, 1998, the Department initiated an AD investigation on imports of hot-rolled steel from the Russian Federation. See Initiation of Antidumping Duty Investigations:

Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, Japan, and the Russian Federation, 63 FR 56607 (October 22, 1998). On November 25, 1998, the ITC published its preliminary determination that there was a reasonable indication that an industry in the United States was threatened with material injury by reason of imports of the subject merchandise from the Russian Federation. See Certain Hot-Rolled Steel Products From Brazil, Japan, and Russia, 63 FR 65221 (November 25, 1998). On February 25, 1999, the Department published its preliminary determination that hot-rolled steel from the Russian Federation was being, or was likely to be, sold in the United States at less than fair value. See Notice of Preliminary Determination of Sales at Less Than Fair Value: Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From the Russian Federation, 64 FR 9312, February 25, 1999.

On July 12, 1999, the Department and the Ministry of Trade (“MOT”) of the Russian Federation signed the Agreement, under section 734(l) of the Tariff Act of 1930, as amended (“the Act”), which suspended the AD investigation on hot-rolled steel from the Russian Federation. See Suspension of Antidumping Duty Investigation: Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From the Russian Federation, 64 FR 38642 (July 19, 1999). The basis for this action was an agreement between the Department and the MOT accounting for substantially all imports of hot-rolled steel from the Russian Federation, wherein the MOT agreed to restrict exports of hot-rolled steel from all Russian producers/exporters to the United States and to ensure that such exports were sold at or above the agreed reference prices. The MOT was the predecessor to the Economy Ministry, which is now the relevant agency representing the Government of the Russian Federation for purposes of this Agreement.

Upon the request of the petitioners in this proceeding, the investigation was continued and the Department made an affirmative final determination of sales at less than fair value.<sup>1</sup> See Notice of Final Determination of Sales at Less Than Fair Value: Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From the Russian Federation, 64 FR 38626 (July 19, 1999) (Final Determination). In its Final Determination, the Department calculated weighted-average dumping margins of 73.59 percent for Joint Stock Company (“JSC”) Severstal, a respondent company in the investigation, and 184.56 percent as the Russia-wide rate. Likewise, the International Trade Commission (“ITC”) continued its investigation and made an affirmative determination of material injury to an industry in the United States. See Certain Hot-Rolled Steel Products From Brazil and Russia, 64 FR 46951 (August 27, 1999) (Final ITC Determination).

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<sup>1</sup> The petitioners in the original investigation included the following: Bethlehem Steel Corp.; Ispat Inland Inc.; LTV Steel Company, Inc.; National Steel Corp.; U.S. Steel Group (a Unit of USX Corp.); California Steel Industries; Gallatin Steel Company; Geneva Steel; Gulf States Steel Inc.; Ipsco Steel Inc.; Steel Dynamics; Weirton Steel Corporation; and Independent Steelworkers Union.

On August 26, 2011, at the request of Nucor Corporation, a domestic interested party, the Department initiated an administrative review of the Agreement for the period of review from July 1, 2010, through June 30, 2011. See Notice of Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocation in Part, 76 FR 53404 (August 26, 2011). On November 30, 2012, the Department and the Economy Ministry signed a revision to the Agreement that updated the reference prices and revised the mechanism for calculating the reference prices. On December 6, 2012, the Department published its final results of administrative review and the November 30, 2012, revision to the Agreement. See Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From the Russian Federation; 2010-2011; Final Results of Administrative Review and Revision of Agreement Suspending Antidumping Duty Investigation, 77 FR 72820 (December 6, 2012).

On July 10, 2014, domestic interested parties Nucor Corporation, ArcelorMittal USA LLC, United States Steel Corporation, Gallatin Steel Company, Steel Dynamics, Inc. (SDI), and SSAB N.A.D., Inc., filed a submission alleging that the revised Agreement had failed to achieve its statutory purpose of preventing the suppression or undercutting of price levels of domestic producers by imports of hot-rolled steel from the Russian Federation and that the Department should terminate the agreement and impose antidumping duties on imports of hot-rolled steel from the Russian Federation. On August 29, 2014, at the request of Russian Hot-Rolled Steel producers JSC Severstal and Novolipetsk Steel (NLMK), the Department initiated an administrative review of the Agreement for the period of July 1, 2013, through June 30, 2014. See Notice of Initiation of Antidumping and Countervailing Duty Administrative Reviews, 79 FR 51548 (August 29, 2014) (“2013-2014 Administrative Review”).

On October 17, 2014, the Department issued a letter to the Economy Ministry stating that it had made a final decision to exercise its option under Section X.C of the Agreement to terminate the Agreement, effective in 60 days. On October 22, 2014, the Trade Representative of the Russian Federation in the USA requested by letter that the Department clarify the exact date of termination of the Agreement. On October 27, 2014, the Department clarified, by letter to the Trade Representative, that it considered the official date of notification to the Economy Ministry to be October 20, 2014 (i.e., the date the Economy Ministry received the notification) and the effective date of termination of the Agreement to be December 19, 2014.

#### Scope of the Order

The merchandise subject to the AD order is certain hot-rolled flat-rolled carbon-quality steel products. The covered merchandise is classified in the Harmonized Tariff Schedule of the United States (“HTSUS”) at subheadings: 7208.10.15.00, 7208.10.30.00, 7208.10.60.00, 7208.25.30.00, 7208.25.60.00, 7208.26.00.30, 7208.26.00.60, 7208.27.00.30, 7208.27.00.60, 7208.36.00.30, 7208.36.00.60, 7208.37.00.30, 7208.37.00.60, 7208.38.00.15, 7208.38.00.30, 7208.38.00.90, 7208.39.00.15, 7208.39.00.30, 7208.39.00.90, 7208.40.60.30, 7208.40.60.60, 7208.53.00.00, 7208.54.00.00, 7208.90.00.00, 7210.70.30.00, 7210.90.90.00, 7211.14.00.30, 7211.14.00.90, 7211.19.15.00, 7211.19.20.00, 7211.19.30.00, 7211.19.45.00, 7211.19.60.00, 7211.19.75.30, 7211.19.75.60, 7211.19.75.90, 7212.40.10.00, 7212.40.50.00, 7212.50.00.00. Certain hot-rolled flat-rolled carbon-quality steel covered include: vacuum degassed, fully stabilized; high strength low alloy; and the substrate for motor lamination steel may also enter under the following tariff numbers: 7225.11.00.00, 7225.19.00.00, 7225.30.30.50, 7225.30.70.00, 7225.40.70.00, 7225.99.00.90, 7226.11.10.00, 7226.11.90.30, 7226.11.90.60,

7226.19.10.00, 7226.19.90.00, 7226.91.50.00, 7226.91.70.00, 7226.91.80.00, and 7226.99.01.80.

Although the HTSUS subheadings are provided for convenience and Customs purposes, the written description of the covered merchandise is dispositive.

See Appendix I for the full description of merchandise covered by the Order.

#### Termination of Suspended Investigation and Issuance of AD Order

As discussed above, on October 20, 2014, the Department notified the Economy Ministry of its decision to terminate the Agreement pursuant to Section X.C of the Agreement, which states (in part):

MOT or DOC may terminate this Agreement at any time upon written notice to the other party. Termination shall be effective 60 days after such notice is given. Upon termination of this Agreement, the provisions of U.S. antidumping law and regulations shall apply.

As noted above, the underlying investigation in this proceeding was continued pursuant to section 734(g) of the Act, following the acceptance of the Agreement. The Department made a final affirmative AD determination, and the ITC found material injury. See Final Determination and ITC Final Injury Determination, respectively. Therefore, in accordance with section 735(c) of the Act, the Department is issuing an AD order and instructing U.S. Customs and Border Protection (“CBP”) to suspend liquidation of entries of subject merchandise, effective December 19, 2014, which is 60 days from the date the Department gave notice to the Economy Ministry of that it was terminating the Agreement, as described above.

#### Rescission of Administrative Review

Due to the termination of the Agreement, the Department is rescinding the 2013-2014 Administrative Review of the Agreement, effective December 19, 2014.

Antidumping Duty Order

In accordance with section 736(a)(1) of the Act, the Department is directing CBP to assess, beginning on December 19, 2014, an antidumping duty equal to the weighted-average AD margins listed below.

We are instructing CBP to require a cash deposit for each entry equal to the AD weighted-average margin rates found in the Department's Final Determination, as listed below. These suspension-of-liquidation instructions will remain in effect until further notice. The all others rate applies to all producers and exporters of subject merchandise not specifically listed. The final AD ad valorem rates are as follows:

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Manufacturer/Exporter	Weighted-Average Margin (Percent)
JSC Severstal	73.59
All Others	184.56

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This notice constitutes the AD order with respect to hot-rolled steel from the Russian Federation pursuant to section 736(a) of the Act. This order is issued and published in accordance with section 736(a) of the Act and 19 CFR 351.211(b).

Dated: December 19, 2014.

Ronald K. Lorentzen,  
Deputy Assistant Secretary  
for Enforcement and Compliance.



## **APPENDIX I**

For the purposes of this antidumping duty order, “hot-rolled steel” means certain hot-rolled flat-rolled carbon-quality steel products of a rectangular shape, of a width of 0.5 inch or greater, neither clad, plated, nor coated with metal and whether or not painted, varnished, or coated with plastics or other non-metallic substances, in coils (whether or not in successively superimposed layers) regardless of thickness, and in straight lengths, of a thickness less than 4.75 mm and of a width measuring at least 10 times the thickness.

Universal mill plate (*i.e.*, flat-rolled products rolled on four faces or in a closed box pass, of a width exceeding 150 mm but not exceeding 1250 mm and of a thickness of not less than 4 mm, not in coils and without patterns in relief) of a thickness not less than 4.0 mm is not included within the scope of this order.

Specifically subject to the scope of this order are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (“IF”)) steels, high strength low alloy (“HSLA”) steels, and the substrate for motor lamination steels. IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium and/or niobium added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, titanium, vanadium, and molybdenum. The substrate for motor lamination steels contains micro-alloying levels of elements such as silicon and aluminum.

Steel products subject to the scope of this order, regardless of HTSUS definitions, are products in which: 1) iron predominates, by weight, over each of the other contained elements; 2) the carbon content is 2 percent or less, by weight; and 3) none of the elements listed below exceeds the quantity, by weight, respectively indicated: 1.80 percent of manganese, or 1.50 percent of silicon, or 1.00 percent of copper, or 0.50 percent of aluminum, or 1.25 percent of chromium, or 0.30 percent of cobalt, or 0.40 percent of lead, or 1.25 percent of nickel, or 0.30 percent of tungsten, or 0.012 percent of boron, or 0.10 percent of molybdenum, or 0.10 percent of niobium, or 0.41 percent of titanium, or 0.15 percent of vanadium, or 0.15 percent of zirconium.

All products that meet the physical and chemical description provided above are within the scope of this order unless otherwise excluded. The following products, by way of example, are outside and/or specifically excluded from the scope of this order:

- Alloy hot-rolled steel products in which at least one of the chemical elements exceeds those listed above (including *e.g.*, ASTM specifications A543, A387, A514, A517, and A506).
- SAE/AISI grades of series 2300 and higher.
- Ball bearing steels, as defined in the HTSUS.
- Tool steels, as defined in the HTSUS.
- Silico-manganese (as defined in the HTSUS) or silicon electrical steel with a silicon level exceeding 1.50 percent.

- ASTM specifications A710 and A736.
- USS Abrasion-resistant steels (USS AR 400, USS AR 500).
- Hot-rolled steel coil which meets the following chemical, physical and mechanical specifications:

C	Mn	P	S	Si	Cr	Cu	Ni
0.10 - 0.14%	0.90% Max	0.025% Max	0.005% Max	0.30 - 0.50%	0.50 - 0.70%	0.20 - 0.40%	0.20% Max

Width = 44.80 inches maximum; Thickness = 0.063 - 0.198 inches;  
Yield Strength = 50,000 ksi minimum; Tensile Strength = 70,000 - 88,000 psi.

- Hot-rolled steel coil which meets the following chemical, physical and mechanical specifications:

C	Mn	P	S	Si	Cr	Cu	Ni
0.10 - 0.16%	0.70 - 0.90%	0.025% Max	0.006% Max	0.30 - 0.50%	0.50 - 0.70%	0.25% Max	0.20% Max
Mo							
0.21% Max							

Width = 44.80 inches maximum; Thickness = 0.350 inches maximum;  
Yield Strength = 80,000 ksi minimum; Tensile Strength = 105,000 psi Aim.

- Hot-rolled steel coil which meets the following chemical, physical and mechanical specifications:

C	Mn	P	S	Si	Cr	Cu	Ni
0.10 - 0.14%	1.30 - 1.80%	0.025% Max	0.005% Max	0.30 - 0.50%	0.50 - 0.70%	0.20 - 0.40%	0.20% Max
V(wt.)	Cb						
0.10 Max	0.08% Max						

Width = 44.80 inches maximum; Thickness = 0.350 inches maximum;  
Yield Strength = 80,000 ksi minimum; Tensile Strength = 105,000 psi Aim.

- Hot-rolled steel coil which meets the following chemical, physical and mechanical specifications:

C	Mn	P	S	Si	Cr	Cu	Ni
0.15% Max	1.40% Max	0.025% Max	0.010% Max	0.50% Max	1.00% Max	0.50% Max	0.20% Max
Nb	Ca	Al					
0.005% Min	Treated	0.01 - 0.07%					

Width = 39.37 inches; Thickness = 0.181 inches maximum; Yield Strength = 70,000 psi minimum for thicknesses ≤ 0.148 inches and 65,000 psi minimum for thicknesses >0.148 inches; Tensile Strength = 80,000 psi minimum.

- Hot-rolled dual phase steel, phase-hardened, primarily with a ferritic-martensitic microstructure, contains 0.9 percent up to and including 1.5 percent silicon by weight, further characterized by either (i) tensile strength between 540 N/mm<sup>2</sup> and 640 N/mm<sup>2</sup> and an elongation percentage ≥26 percent for thicknesses of 2 mm and above, or (ii) a tensile strength between 590 N/mm<sup>2</sup> and 690 N/mm<sup>2</sup> and an elongation percentage ≥25 percent for thicknesses of 2mm and above.
- Hot-rolled bearing quality steel, SAE grade 1050, in coils, with an inclusion rating of 1.0 maximum per ASTM E 45, Method A, with excellent surface quality and chemistry restrictions as follows: 0.012 percent maximum phosphorus, 0.015 percent maximum sulfur, and 0.20 percent maximum residuals including 0.15 percent maximum chromium.
- Grade ASTM A570-50 hot-rolled steel sheet in coils or cut lengths, width of 74 inches (nominal, within ASTM tolerances), thickness of 11 gauge (0.119 inches nominal), mill edge and skin passed, with a minimum copper content of 0.20 percent.

The covered merchandise is classified in the *Harmonized Tariff Schedule of the United States* (“HTSUS”) at subheadings: 7208.10.15.00, 7208.10.30.00, 7208.10.60.00, 7208.25.30.00, 7208.25.60.00, 7208.26.00.30, 7208.26.00.60, 7208.27.00.30, 7208.27.00.60, 7208.36.00.30, 7208.36.00.60, 7208.37.00.30, 7208.37.00.60, 7208.38.00.15, 7208.38.00.30, 7208.38.00.90, 7208.39.00.15, 7208.39.00.30, 7208.39.00.90, 7208.40.60.30, 7208.40.60.60, 7208.53.00.00, 7208.54.00.00, 7208.90.00.00, 7210.70.30.00, 7210.90.90.00, 7211.14.00.30, 7211.14.00.90, 7211.19.15.00, 7211.19.20.00, 7211.19.30.00, 7211.19.45.00, 7211.19.60.00, 7211.19.75.30, 7211.19.75.60, 7211.19.75.90, 7212.40.10.00, 7212.40.50.00, 7212.50.00.00. Certain hot-rolled flat-rolled carbon-quality steel covered include: vacuum degassed, fully stabilized; high strength low alloy; and the substrate for motor lamination steel may also enter under the

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